

16 FEB 1977

MEMORANDUM FOR: All Logistics Procurement and Contracting Personnel

FROM : James H. McDonald
Director of Logistics

SUBJECT : Employee Conduct - Gratuities

STATINT REFERENCE : (a) HR [] Conduct and Discipline
(b) HHI [] Gifts and Decorations

1. There currently exists a high level of public concern and interest in the ethical conduct of all Government officials and employees in the performance of their official duties. Individual and collective ethical standards significantly impact the level of confidence the general public has in the Government and its component agencies and departments.

2. Public confidence must be raised to generate a greater trust in the Government, its officials and employees, especially those transacting business with outside concerns and their officials, agents, representatives and employees. Since great public trust is placed in such Government representatives in the performance of their duties, every effort must be made to avoid any appearance of a conflict of interest.

3. In view of the current broad news media coverage of this issue, it is considered appropriate and timely to reiterate a policy on gratuities. References (a) and (b) provide general guidance to Agency employees in standards of conduct but do not provide specific direction or examples. This memorandum provides such specific direction.

4. Because of the fact that the Central Intelligence Agency utilizes the provisions of the Armed Services Procurement Regulations in its industrial contracting, it is appropriate to follow the standards established by the Department of

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Defense (DOD). We have, therefore, adopted with necessary modification the standards promulgated by DOD Directive 5500.7.

5. Effective immediately, the attached standards of conduct are effective for all Logistics procurement and contracting personnel whether currently assigned within the Office of Logistics (OL) or to an Agency component external to OL. These standards of conduct are considered as an extension of the referent documents. In the event of a conflict between the references and the attached document, the referent documents will take precedence.

6. Violations of employee conduct standards in the referent documents or herein which come to the attention of any employee should be reported to the Director of Logistics. Penalties for violation of standards of conduct may result in various remedial actions ranging from an oral reprimand to termination of employment and a recommendation for prosecution for violation of criminal statute, depending on the severity of the offense.

7. The Office of Federal Procurement Policy is currently in process of developing a comprehensive standard of conduct and ethics for personnel involved in the procurement process. When this effort is complete, additional guidance will be provided.

STATINTL

[Redacted] James H. McDonald

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OL Procurement and Contracting Employees may do the following things:

6. Attend a public display or booth sponsored by a contractor at an exposition, fair, or professional meeting.
7. Accept premiums, contest prizes, etc., given by a contractor-sponsored public contest or promotion on the same basis as members of the public generally.
8. Attend a local Chamber of Commerce, Kiwanis, Rotary Club-sponsored event as a part of a community relations program.
9. Have a "Dutch treat" luncheon or dinner with a contractor's representative in connection with business with the contractor.
0. Accept tickets, entertainment, etc., from a business concern which is not an Agency contractor and whose business is not affected by Agency policies (e.g., you may accept transportation, lunch, round-of-golf, etc., provided as a part of a promotional scheme to sell real estate, recreational club membership, etc.).
1. Be a member, in your private capacity, of a professional, charitable, or philanthropic organization and participate as an officer of such an organization.

OL Procurement and Contracting Employees may not do any of the following things:

4. Accept anything of substantial monetary value, even if it bears a company's logo or other advertising matter.
5. Accept a luncheon, dinner, theater invitation, admission to athletic events, hunting privileges or similar social amenity paid for by an Agency contractor even if the nominal host is a close friend or relative. (Even if you pay for such amenity, you may not accept it if the offer gives you an advantage you could not ordinarily obtain - such as an otherwise hard-to-get ticket, location, or special treatment.)
6. Accept preferential treatment at a contractor's public display or booth.
7. Accept preferential treatment in a contest, promotion, etc., sponsored by a contractor.
8. Accept an invitation from a representative of an Agency contractor to play golf at a club at which he (but not you) is a member - even if you pay guest fees.
- 9.a. Accept an honorary or ex officio position in an organization which has Agency contractors as members.
 - b. Solicit (nor may your wife or husband solicit) contributions to a charitable or philanthropic organization from an Agency contractor.

ACCEPTABLE AND UNACCEPTABLE PRACTICES

The following list of acceptable and unacceptable practices is provided as illustrative of some of the more common situations Logistics personnel may encounter. It is not all-inclusive and its use in a mechanical way will not substitute for the exercise of sound ethical judgment by Logistics personnel.

OL Procurement and Contracting Employees may do the following things:

1. Attend a widely attended luncheon, banquet, or similar gathering sponsored by the Navy League, Air Force Association, industrial association, or similar organization, provided that the host is the association and not a contractor.
2. Attend an acceptance or delivery ceremony sponsored by a contractor and reception connected therewith provided the invitation is addressed to and approved by the Agency.
3. Accept lunch or local transportation at a contractor's plant in connection with business at the plant when alternative arrangements are clearly impracticable.
4. Accept trivial specialty advertising items from a contractor, e.g., matchbooks, paperweights, ballpoint pens, and similar inexpensive items.
5. Accept a luncheon, dinner, theater invitation or similar social amenity from a relative or friend who happens to be an employee of an Agency contractor provided the gift or invitation is extended on a personal basis, that is, it is paid for by the friend and not his employer.

OL Procurement and Contracting Employees may not do any of the following things:

- 1.a. Visit a contractor's "hospitality suite" maintained in connection with meetings such as the Navy League or Air Force Association.
- b. Accept an invitation to sit at a contractor's table or accommodations at such functions as a meal. Host contractors' tables or accommodations are those financed by one contractor or otherwise associated with one contractor other than the host association.
2. Attend a social function hosted by an Agency contractor in connection with an acceptance or delivery ceremony when the social function is not an integral part of the public ceremony.
- 3.a. Accept transportation in a contractor's aircraft.
b. Accept airport-to-plant or plant-to-airport ground transportation provided by a contractor in connection with an official visit to contractor's plant unless no other form of transportation is practicable.
- c. Accept a dinner invitation from the contractor or his representative in connection with an overnight visit to a contractor's plant.

OL Procurement and Contracting
Employees may not do any of the
following things:

10. Seek or accept preferential treatment in the procurement of items from an Agency contractor for other than official use. Such preferential treatment would include lower prices, higher quality or more expeditious delivery than available to the general public.
11. Accept lodging provided by the contractor or paid for either in part or in full by the contractor.

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Approved For Release 2002/05/16 : CIA-RDP80-00473A000200040047-9

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